



Lesedi Local Municipality
Annual Financial Statements
for the year ended 30 June 2019

Lesedi Local Municipality

(Registration number GT423)

Annual Financial Statements for the year ended 30 June 2019

General Information

Legal form of entity	Municipality Municipal demarcation code - GT423
Nature of business and principal activities	Local municipal functions as set out in the Constitution of South Africa (Act No. 105 of 1996)
Members of Council	
Executive Mayor	LF Maloka
Speaker	MNR Nkosi
Chief Whip	MP Mtshonyane
Mayoral Committee	MV Motsepe T Motsepe TS Moremi MK Rakitla TE Ramothibe
Councillors	TJ Gama M Malefela HACS Paul RS Hlatshwayo TP Nyembe BV Mogorosi MI Abdullah MA Mulder JM Sabasaba ZS Twala M Boshoff PR Mchunu LS Gamede GC Holtzhausen TN Mofokeng EM Magazi SJ Mnyakeni MS Lukhele
Grading of local authority	Grade 4 Local Municipality
Accounting Officer	G Thimane (Acting)
Chief Finance Officer (CFO)	G Mncube (Acting)
Registered office	Civic Centre C/o HF Verwoerd and Louw Street Heidelberg 1441
Postal address	PO Box 201 Heidelberg 1438
Bankers	ABSA Bank
Auditors	Auditor General of South Africa

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 67, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2019 and were signed on its behalf by:

G Thimane
Acting Accounting Officer

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Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2019.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 6 meetings were held.

Name of member	Number of meetings attended
Mr T Boltman (Chairperson - appointed 01/03/2019)	3
Mr R Loubser (appointed 01/03/2019)	2
Ms A Noah (appointed 01/03/2019)	3
Adv T Bokabo (appointed 01/03/2019)	2
Mr MW Khosa (appointed 01/03/2019 resigned 31/05/2019)	1
Mr N Swana (Chairperson - term expired 15/01/2019)	2
Mr S Mofokeng (term expired 15/01/2019)	3
Ms T Moja (term expired 15/01/2019)	3
Ms H Masedi (resigned 08/11/2018)	0
Mr LBM Kgomo (resigned 31/07/2018)	0

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: _____

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Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	8	5 150 725	4 921 940
Receivables from exchange transactions	9	2 791 272	2 495 099
Receivables from non-exchange transactions	10	11 952 405	12 346 454
Consumer debtors	11	144 447 961	122 135 790
Cash and cash equivalents	12	41 631 145	47 306 741
		205 973 508	189 206 024
Non-Current Assets			
Investment property	3	182 616 697	192 840 376
Property, plant and equipment	4	713 828 031	645 419 210
Intangible assets	5	3 537 800	3 276 876
Heritage assets	6	4 662 664	4 662 664
		904 645 192	846 199 126
Total Assets		1 110 618 700	1 035 405 150
Liabilities			
Current Liabilities			
Other financial liabilities	14	4 358 431	4 010 414
Payables from exchange transactions	16	104 815 752	96 568 346
VAT payable	17	66 792 075	48 544 771
Consumer deposits	18	15 654 785	14 912 941
Unspent conditional grants and receipts	13	9 357 794	11 841 644
Provisions	15	19 421 777	13 181 271
		220 400 614	189 059 387
Non-Current Liabilities			
Other financial liabilities	14	46 596 877	50 955 308
Employee benefit obligation	7	21 110 166	24 229 597
Provisions	15	26 060 933	8 997 105
		93 767 976	84 182 010
Total Liabilities		314 168 590	273 241 397
Net Assets		796 450 110	762 163 753
Accumulated surplus		796 450 110	762 163 753

* See Note 44

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Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	467 710 350	424 388 208
Rental of facilities and equipment	21	5 563 219	5 220 539
Licences and permits		20 723	42 026
Administration and management fees received		2 142 377	2 649 920
Recoveries		272 489	61 626
Other income	23	1 634 997	230 556
Interest received	24	31 562 301	26 041 396
Actuarial gains		3 471 938	32 645 000
Total revenue from exchange transactions		512 378 394	491 279 271
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	109 761 351	106 472 601
Transfer revenue			
Government grants & subsidies	26	195 789 168	185 266 091
Public contributions and donations		9 880 059	7 174 127
Fines, Penalties and Forfeits		699 042	49 862 407
Total revenue from non-exchange transactions		316 129 620	348 775 226
Total revenue	19	828 508 014	840 054 497
Expenditure			
Employee related costs	27	(178 632 145)	(165 005 428)
Remuneration of councillors	28	(10 850 669)	(10 666 065)
Depreciation and amortisation	29	(33 528 535)	(37 924 015)
Impairment of assets	30	(162 863)	(1 168 288)
Finance costs	31	(7 531 130)	(10 801 279)
Lease rentals on operating lease		(4 028 710)	(981 266)
Debt Impairment	32	(133 769 819)	(144 276 592)
Bulk purchases	33	(299 121 378)	(271 362 085)
Contracted services	34	(70 962 549)	(67 666 198)
Loss on disposal of assets and liabilities		(873 423)	(15 171 159)
Inventories losses/write-downs		(123 251)	(903)
General Expenses	35	(54 637 189)	(39 812 621)
Total expenditure		(794 221 661)	(764 835 899)
Surplus for the year		34 286 353	75 218 598

* See Note 44

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	676 138 365	676 138 365
Adjustments		
Prior year adjustments	10 806 790	10 806 790
Balance at 01 July 2017 as restated*	686 945 155	686 945 155
Changes in net assets		
Surplus for the year	75 218 598	75 218 598
Total changes	75 218 598	75 218 598
Restated* Balance at 01 July 2018	762 163 757	762 163 757
Changes in net assets		
Surplus for the year	34 286 353	34 286 353
Total changes	34 286 353	34 286 353
Balance at 30 June 2019	796 450 110	796 450 110

* See Note 44

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Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Property rates		98 706 845	98 409 909
Sale of goods and services		333 600 249	393 026 018
Grants		192 357 905	194 094 304
Interest income		31 562 301	26 041 396
		656 227 300	711 571 627
Payments			
Employee costs		(189 482 814)	(179 656 430)
Suppliers		(397 266 943)	(421 092 612)
Finance costs		(4 897 199)	(5 341 383)
		(591 646 956)	(606 090 425)
Net cash flows from operating activities	39	64 580 344	105 481 202
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(65 111 870)	(59 955 581)
Proceeds from sale of property, plant and equipment	4	1	-
Purchase of investment property	3	-	(5 596 140)
Proceeds from sale of investment property	3	(512 217)	-
Purchase of other intangible assets	5	(621 438)	(265 927)
Net cash flows from investing activities		(66 245 524)	(65 817 648)
Cash flows from financing activities			
Repayment of other financial liabilities		(4 010 414)	(3 671 766)
Net cash flows from financing activities		(4 010 414)	(3 671 766)
Net increase/(decrease) in cash and cash equivalents		(5 675 594)	35 991 788
Cash and cash equivalents at the beginning of the year		47 306 741	11 314 951
Cash and cash equivalents at the end of the year	12	41 631 147	47 306 739

* See Note 44

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	480 402 544	(1 516 163)	478 886 381	467 710 350	(11 176 031)	Note 58(1)
Rental of facilities and equipment	4 798 788	459 996	5 258 784	5 563 219	304 435	
Licences and permits	25 000	-	25 000	20 723	(4 277)	
Administration and management fees received	1 234 200	489 577	1 723 777	2 142 377	418 600	
Recoveries	-	313 362	313 362	272 489	(40 873)	
Other income	3 426 425	2 364 066	5 790 491	1 634 997	(4 155 494)	Note 58(2)
Interest received	17 872 439	7 289 592	25 162 031	31 562 301	6 400 270	Note 58(3)
Total revenue from exchange transactions	507 759 396	9 400 430	517 159 826	508 906 456	(8 253 370)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	110 157 707	581 598	110 739 305	109 761 351	(977 954)	
Transfer revenue						
Government grants & subsidies	207 686 779	3 684 817	211 371 596	195 789 168	(15 582 428)	Note 58(4)
Public contributions and donations	-	-	-	9 880 059	9 880 059	Note 58(5)
Fines, Penalties and Forfeits	45 920 000	(26 775 000)	19 145 000	699 042	(18 445 958)	Note 58(6)
Total revenue from non-exchange transactions	363 764 486	(22 508 585)	341 255 901	316 129 620	(25 126 281)	
Total revenue	871 523 882	(13 108 155)	858 415 727	825 036 076	(33 379 651)	
Expenditure						
Personnel	(196 158 190)	9 347 561	(186 810 629)	(178 632 145)	8 178 484	Note 58(7)
Remuneration of councillors	(12 091 333)	1 015 579	(11 075 754)	(10 850 669)	225 085	
Depreciation and amortisation	(38 768 274)	(153 440)	(38 921 714)	(33 528 535)	5 393 179	Note 58(8)
Impairment loss/ Reversal of impairments	-	-	-	(162 863)	(162 863)	
Finance costs	(9 711 200)	18 819	(9 692 381)	(7 531 130)	2 161 251	Note 58(9)
Lease rentals on operating lease	(2 210 734)	(852 927)	(3 063 661)	(4 028 710)	(965 049)	
Debt Impairment	(137 910 270)	28 377 062	(109 533 208)	(133 769 819)	(24 236 611)	Note 58(10)
Bulk purchases	(296 075 022)	(10 233 258)	(306 308 280)	(299 121 378)	7 186 902	Note 58(11)
Contracted Services	(55 340 558)	(9 253 428)	(64 593 986)	(70 962 549)	(6 368 563)	Note 58(12)
General Expenses	(69 065 753)	6 082 157	(62 983 596)	(54 637 189)	8 346 407	Note 58(13)
Total expenditure	(817 331 334)	24 348 125	(792 983 209)	(793 224 987)	(241 778)	
Operating surplus	54 192 548	11 239 970	65 432 518	31 811 089	(33 621 429)	
Loss on disposal of assets and liabilities	-	-	-	(873 423)	(873 423)	
Actuarial gains/losses	-	-	-	3 471 938	3 471 938	
Inventories losses/write-downs	-	-	-	(123 251)	(123 251)	
	-	-	-	2 475 264	2 475 264	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	54 192 548	11 239 970	65 432 518	34 286 353	(31 146 165)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	3 229 844	1 690 000	4 919 844	5 150 725	230 881	
Receivables from exchange transactions	26 753 585	61 516 556	88 270 141	2 791 272	(85 478 869)	
Receivables from non-exchange transactions	8 161 464	(203 427)	7 958 037	11 952 405	3 994 368	
Consumer debtors	139 841 749	17 114 548	156 956 297	144 447 961	(12 508 336)	
Cash and cash equivalents	5 810 766	6 489 898	12 300 664	41 631 145	29 330 481	
	183 797 408	86 607 575	270 404 983	205 973 508	(64 431 475)	

Non-Current Assets

Investment property	169 738 716	10 419 233	180 157 949	182 616 697	2 458 748	
Property, plant and equipment	738 593 307	(25 933 540)	712 659 767	713 828 031	1 168 264	
Intangible assets	3 787 435	(776 487)	3 010 948	3 537 800	526 852	
Heritage assets	4 662 662	2	4 662 664	4 662 664	-	
	916 782 120	(16 290 792)	900 491 328	904 645 192	4 153 864	

Total Assets	1 100 579 528	70 316 783	1 170 896 311	1 110 618 700	(60 277 611)	
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Liabilities

Current Liabilities

Other financial liabilities	4 010 414	(2)	4 010 412	4 358 431	348 019	
Payables from exchange transactions	56 826 595	38 900 668	95 727 263	104 815 739	9 088 476	
VAT payable	67 826 560	75 153 670	142 980 230	66 792 075	(76 188 155)	
Consumer deposits	11 125 082	4 443 931	15 569 013	15 654 785	85 772	
Unspent conditional grants and receipts	-	161 281	161 281	9 357 794	9 196 513	
Provisions	4 221 439	8 959 832	13 181 271	19 421 777	6 240 506	
	144 010 090	127 619 380	271 629 470	220 400 601	(51 228 869)	

Non-Current Liabilities

Other financial liabilities	47 883 541	3 071 765	50 955 306	46 596 877	(4 358 429)	
Employee benefit obligation	60 655 000	(31 630 403)	29 024 597	21 110 166	(7 914 431)	
Provisions	24 473 889	(15 476 784)	8 997 105	26 060 933	17 063 828	
	133 012 430	(44 035 422)	88 977 008	93 767 976	4 790 968	

Total Liabilities	277 022 520	83 583 958	360 606 478	314 168 577	(46 437 901)	
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Net Assets	823 557 008	(13 267 175)	810 289 833	796 450 123	(13 839 710)	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	823 557 008	(13 267 175)	810 289 833	796 450 123	(13 839 710)	
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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2019											
Financial Performance											
Property rates	110 157 707	581 598	110 739 305	-		110 739 305	109 761 351		(977 954)	99 %	100 %
Service charges	480 402 544	(1 516 163)	478 886 381	-		478 886 381	467 710 350		(11 176 031)	98 %	97 %
Investment revenue	17 872 439	7 289 592	25 162 031	-		25 162 031	31 562 301		6 400 270	125 %	177 %
Transfers recognised - operational	131 121 579	7 300 000	138 421 579	-		138 421 579	130 562 941		(7 858 638)	94 %	100 %
Other own revenue	55 404 413	(23 147 999)	32 256 414	-		32 256 414	13 804 785		(18 451 629)	43 %	25 %
Total revenue (excluding capital transfers and contributions)	794 958 682	(9 492 972)	785 465 710	-		785 465 710	753 401 728		(32 063 982)	96 %	95 %
Employee costs	(196 158 190)	9 347 561	(186 810 629)	-	(650)	(186 811 279)	(178 632 145)	-	8 179 134	96 %	91 %
Remuneration of councillors	(12 091 333)	1 015 579	(11 075 754)	-	-	(11 075 754)	(10 850 669)	-	225 085	98 %	90 %
Debt impairment	(137 910 270)	28 377 062	(109 533 208)			(109 533 208)	(133 769 819)	-	(24 236 611)	122 %	97 %
Depreciation and asset impairment	(38 768 274)	(153 440)	(38 921 714)			(38 921 714)	(33 691 398)	-	5 230 316	87 %	87 %
Finance charges	(9 711 200)	18 819	(9 692 381)	-	-	(9 692 381)	(7 531 130)	-	2 161 251	78 %	78 %
Materials and bulk purchases	(296 075 022)	(10 233 258)	(306 308 280)	-	-	(306 308 280)	(299 121 378)	-	7 186 902	98 %	101 %
Other expenditure	(126 617 045)	(4 024 198)	(130 641 243)	-	650	(130 640 593)	(130 625 122)	-	15 471	100 %	103 %
Total expenditure	(817 331 334)	24 348 125	(792 983 209)	-	-	(792 983 209)	(794 221 661)	-	(1 238 452)	100 %	97 %
Surplus/(Deficit)	(22 372 652)	14 855 153	(7 517 499)	-		(7 517 499)	(40 819 933)		(33 302 434)	543 %	182 %

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	76 565 200	(3 615 183)	72 950 017	-		72 950 017	65 226 227		(7 723 790)	89 %	85 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	9 880 059		9 880 059	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	54 192 548	11 239 970	65 432 518	-		65 432 518	34 286 353		(31 146 165)	52 %	63 %
Surplus/(Deficit) for the year	54 192 548	11 239 970	65 432 518	-		65 432 518	34 286 353		(31 146 165)	52 %	63 %

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than previously estimated useful lives.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for post retirement benefits are based on current market conditions. Additional information is disclosed in Note 7.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

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1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Infrastructure	Straight line	
• Roads and paving		10-30 years
• Electricity		20-30 years
• Water		15-20 years
• Sewerage		15-20 years
• Landfill site		15-30 years

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1.4 Property, plant and equipment (continued)

Community	Straight line	
• Buildings		30 years
• Recreational facilities		20-30 years
• Security		5 years
Other property, plant and equipment	Straight line	
• Buildings		30 years
• Specialist vehicles		20 years
• Other vehicles		5 years
• Furniture and fittings		7 years
• Bins and containers		5 years
• Office equipment		3-7 years
• Library books		5-25 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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1.5 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years
Servitudes	Straight line	indefinite

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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Accounting Policies

1.7 Financial instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Trade and other receivables
Other receivables from exchange transactions
Cash and cash equivalents

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Other financial liabilities
Trade and other payables
Consumer deposits

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

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1.8 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

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1.10 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.11 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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1.12 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an out flow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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Accounting Policies

1.15 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

Debt impairment is calculated as follows:

- all residential debts which are 90 days and above will be provided for at 100% of the outstanding amount;
- all residential debt which are above 60 days and below 90 days will be provided for at 10% of the outstanding amount;
- residential debt below 60 days will not be provided for; and
- no provision will be made for outstanding government, business and agricultural debt.

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Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Fines are impaired based on the "average collection" rate in the previous 2 financial years.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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Accounting Policies

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Budget information

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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Accounting Policies

1.23 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the control of the municipality are considered to be related parties.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 12 (as amended 2016): Inventories	01 April 2018	The impact of the is not material.
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	The impact of the is not material.
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	The impact of the is not material.
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	The impact of the is not material.
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	The impact of the is not material.
• GRAP 27 (as amended 2016): Agriculture	01 April 2018	The impact of the is not material.
• GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	The impact of the is not material.
• GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	The impact of the is not material.
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2020	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2019	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact

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2. New standards and interpretations (continued)

• Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2019	Unlikely there will be a material impact
• Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2019	Unlikely there will be a material impact
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	Unlikely there will be a material impact
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2019	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 107: Mergers	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Unlikely there will be a material impact
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	Unlikely there will be a material impact

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3. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	271 981 424	(89 364 727)	182 616 697	272 493 642	(79 653 266)	192 840 376

Reconciliation of investment property - 2019

	Opening balance	Transfers	Depreciation	Total
Investment property	192 840 376	(512 217)	(9 711 462)	182 616 697

Reconciliation of investment property - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Investment property	199 393 954	5 596 140	(778 931)	(11 370 787)	192 840 376

Pledged as security

No portion of investment property has been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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4. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	173 147 559	-	173 147 559	173 147 559	-	173 147 559
Plant and machinery	1 875 796	(977 176)	898 620	1 574 593	(859 501)	715 092
Furniture and fixtures	13 705 887	(10 255 496)	3 450 391	12 954 893	(9 212 925)	3 741 968
Motor vehicles	27 671 160	(19 453 925)	8 217 235	26 417 115	(17 786 790)	8 630 325
Office equipment	4 868 327	(3 395 983)	1 472 344	4 388 805	(2 913 675)	1 475 130
Infrastructure	731 643 283	(338 624 597)	393 018 686	675 708 404	(327 234 787)	348 473 617
Community	117 557 209	(66 727 042)	50 830 167	114 364 506	(63 216 192)	51 148 314
Capital work in progress	74 491 975	-	74 491 975	49 146 893	-	49 146 893
Library books	19 151 981	(10 850 927)	8 301 054	18 132 425	(9 192 113)	8 940 312
Total	1 164 113 177	(450 285 146)	713 828 031	1 075 835 193	(430 415 983)	645 419 210

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers received	Other changes, movements	Depreciation	Impairment loss	Total
Land	173 147 559	-	-	-	-	-	-	173 147 559
Plant and machinery	715 092	301 202	-	-	-	(117 674)	-	898 620
Furniture and fixtures	3 741 968	697 103	-	53 891	-	(1 042 571)	-	3 450 391
Motor vehicles	8 630 325	1 254 045	-	-	-	(1 667 135)	-	8 217 235
Office equipment	1 475 130	479 523	-	-	-	(482 309)	-	1 472 344
Infrastructure	348 473 617	32 551 399	(361 206)	9 826 167	17 396 314	(14 704 742)	(162 863)	393 018 686
Community	51 148 314	3 463 960	(1)	-	-	(3 782 106)	-	50 830 167
Capital work in progress	49 146 893	25 345 082	-	-	-	-	-	74 491 975
Library books	8 940 312	1 019 556	-	-	-	(1 658 814)	-	8 301 054
	645 419 210	65 111 870	(361 207)	9 880 058	17 396 314	(23 455 351)	(162 863)	713 828 031

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	173 147 559	-	-	-	-	-	-	173 147 559
Plant and machinery	348 282	487 196	-	-	-	(120 386)	-	715 092
Furniture and fixtures	2 593 549	1 699 566	-	293 931	-	(845 078)	-	3 741 968
Motor vehicles	10 247 250	-	-	-	-	(1 616 925)	-	8 630 325
Office equipment	1 077 986	952 675	-	-	-	(555 531)	-	1 475 130
Infrastructure	329 397 767	33 840 107	(3 655 456)	-	4 767 994	(15 611 215)	(265 580)	348 473 617
Community	63 904 562	1 496 832	(10 736 772)	1 284 056	1 706 198	(5 603 854)	(902 708)	51 148 314
Capital work in progress	34 842 576	20 778 509	-	-	(6 474 192)	-	-	49 146 893
Library books	5 960 208	700 696	-	-	4 114 774	(1 835 366)	-	8 940 312
Work in progress - Library books	4 114 774	-	-	-	(4 114 774)	-	-	-
	625 634 513	59 955 581	(14 392 228)	1 577 987	-	(26 188 355)	(1 168 288)	645 419 210

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4. Property, plant and equipment (continued)

Pledged as security

No portion of property, plant and equipment has been pledged as security for liabilities.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	21 510 067	13 501 301
Materials	7 945 080	10 256 697
	29 455 147	23 757 998

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 409 000	(3 488 132)	920 868	3 787 562	(3 127 618)	659 944
Servitudes	2 616 932	-	2 616 932	2 616 932	-	2 616 932
Total	7 025 932	(3 488 132)	3 537 800	6 404 494	(3 127 618)	3 276 876

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software, other	659 944	621 438	(360 514)	920 868
Servitudes	2 616 932	-	-	2 616 932
	3 276 876	621 438	(360 514)	3 537 800

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, other	758 892	265 927	(364 875)	659 944
Servitudes	2 616 932	-	-	2 616 932
	3 375 824	265 927	(364 875)	3 276 876

Pledged as security

No portion of intangible assets has been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Heritage assets

	2019	2018
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6. Heritage assets (continued)

	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	4 662 664	-	4 662 664	4 662 664	-	4 662 664

Reconciliation of heritage assets 2019

	Opening balance	Total
Historical monuments	4 662 664	4 662 664

Reconciliation of heritage assets 2018

	Opening balance	Total
Historical monuments	4 662 664	4 662 664

Pledged as security

No portion of heritage assets has been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

7. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The municipality's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary pensioner.

Lesedi local municipality operates on 5 accredited medical aid schemes, namely Hosmed, Key Health, SAMWU Med, Bonitas and LA Health.

The municipality provides post-retirement benefits by subsidising the medical aid contributions of an employee who retires from employment and who, immediately prior to his or her retirement, enjoyed the benefit of the subsidy of his or her medical aid contributions by the municipality, will continue to receive a subsidy calculated as follows:

- If the employee is 55 years or older on 1 July 2003, his or her subsidy from the municipality as at the date of retirement will be 60% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.
- If the employee is 50 years or older on the 1 July 2003, his or her subsidy from the municipality as at the date of retirement will be 50% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.

This benefit is subject to a maximum Rand cap of R4218.

The Rand cap amount is expected to increase each year in line with healthcare cost inflation, effective 1 January each year.

Summary of membership date:

Reason	Number	Average Age
Continuation members	31	73.58

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7. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(21 110 166)	(24 229 597)
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	24 229 597	52 549 000
Net expense recognised in the statement of financial performance	(3 119 430)	(28 319 403)
	21 110 167	24 229 597

Net expense recognised in the statement of financial performance

Current service cost	-	1 425 000
Interest cost	2 295 000	5 144 000
Actuarial (gains) losses	(3 471 938)	(32 645 000)
Settlement	(1 942 492)	(2 243 403)
	(3 119 430)	(28 319 403)

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(3 471 938)	(32 645 000)
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.75 %	9.87 %
Expected increase in healthcare costs	6.34 %	8.13 %
Consumer price inflation	4.84 %	6.63 %
Net discount rate	2.27 %	1.61 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1 621 354	1 917 603
Effect on defined benefit obligation	19 512 465	22 907 445

Amounts for the current and previous four years are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	22 241 000	24 230 000	52 549 000	54 390 000	51 121 000
Experience adjustments on plan liabilities	-	-	-	-	547 000

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7. Employee benefit obligations (continued)		
Defined contribution plan		
It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.		
The municipality is under no obligation to cover any unfunded benefits.		
8. Inventories		
Consumable stores	4 803 597	4 356 540
Water for distribution	347 128	565 400
	5 150 725	4 921 940
Inventories losses/write-downs	123 251	903
9. Receivables from exchange transactions		
Deposits	649 543	594 252
Accrued interest	299 594	316 445
Other debtors	1 842 135	1 584 402
	2 791 272	2 495 099
10. Receivables from non-exchange transactions		
Fines	8 864 658	10 081 464
Government grants and subsidies	3 087 747	2 264 990
	11 952 405	12 346 454
Reconciliation for fines is shown in note 56.		
11. Consumer debtors		
Gross balances		
Rates	78 285 611	68 247 000
Electricity	177 931 256	146 210 764
Water	211 042 452	171 085 518
Sewerage	56 501 722	45 901 935
Refuse	77 220 566	65 723 798
VAT	66 048 791	53 039 609
Other	72 664 014	62 806 901
	739 694 412	613 015 525
Less: Allowance for impairment		
Rates	(49 744 132)	(41 208 148)
Electricity	(140 930 017)	(115 396 823)
Water	(188 380 864)	(153 103 723)
Sewerage	(49 737 371)	(40 535 279)
Refuse	(70 341 012)	(60 019 242)
VAT	(58 039 176)	(46 958 365)
Other	(38 073 879)	(33 658 155)
	(595 246 451)	(490 879 735)

Lesedi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
11. Consumer debtors (continued)		
Net balance		
Rates	28 541 479	27 038 852
Electricity	37 001 239	30 813 941
Water	22 661 588	17 981 795
Sewerage	6 764 351	5 366 656
Refuse	6 879 554	5 704 556
VAT	8 009 615	6 081 244
Other	34 590 135	29 148 746
	144 447 961	122 135 790
Included in above is receivables from exchange transactions		
Electricity	32 799 475	30 813 941
Water	20 821 098	17 981 795
Sewerage	6 552 916	5 366 656
Refuse	6 576 651	5 704 556
VAT	6 897 314	6 081 244
Other	28 646 926	29 148 746
	102 294 380	95 096 938
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	30 297 061	27 038 852
Net balance	132 591 441	122 135 790
Rates		
Current (0 -30 days)	7 911 016	10 295 657
31 - 60 days	3 005 089	1 970 293
61 - 90 days	2 367 744	751 870
91 - 120 days	849 992	703 882
121 - 365 days	4 831 003	13 258 097
> 365 days	9 576 635	59 053
	28 541 479	27 038 852
Electricity		
Current (0 -30 days)	18 169 094	21 531 780
31 - 60 days	5 012 232	3 095 103
61 - 90 days	4 694 360	283 736
91 - 120 days	469 041	317 044
121 - 365 days	2 856 152	5 586 278
> 365 days	5 800 360	-
	37 001 239	30 813 941
Water		
Current (0 -30 days)	11 093 013	9 449 656
31 - 60 days	5 382 864	4 022 741
61 - 90 days	4 894 348	111 201
91 - 120 days	247 586	129 586
121 - 365 days	1 043 777	4 268 611
	22 661 588	17 981 795

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Figures in Rand	2019	2018
11. Consumer debtors (continued)		
Sewerage		
Current (0 -30 days)	2 397 024	3 235 721
31 - 60 days	1 501 201	1 044 534
61 - 90 days	1 375 470	39 524
91 - 120 days	55 633	39 157
121 - 365 days	356 782	1 007 720
> 365 days	1 078 241	-
	6 764 351	5 366 656
Refuse		
Current (0 -30 days)	2 450 890	3 703 311
31 - 60 days	1 746 659	1 240 231
61 - 90 days	1 619 536	34 382
91 - 120 days	43 365	30 034
121 - 365 days	256 443	605 359
> 365 days	762 661	91 239
	6 879 554	5 704 556
VAT		
Current (0 -30 days)	2 337 280	3 317 128
31 - 60 days	1 845 384	1 217 323
61 - 90 days	1 699 529	59 806
91 - 120 days	114 502	66 147
121 - 365 days	642 585	1 420 840
> 365 days	1 370 335	-
	8 009 615	6 081 244
Other		
Current (0 -30 days)	1 979 424	2 514 147
31 - 60 days	992 942	810 142
61 - 90 days	1 090 756	152 550
91 - 120 days	277 828	148 860
121 - 365 days	2 354 264	25 523 047
> 365 days	27 894 921	-
	34 590 135	29 148 746
Reconciliation of allowance for impairment		
Balance at beginning of the year	(490 879 735)	(453 386 316)
Contributions to allowance	(133 183 727)	(106 539 189)
Debt impairment written off against allowance	28 817 011	69 045 770
	(595 246 451)	(490 879 735)
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	473 099	478 123
Bank balances	3 278 235	4 243 482
Short-term deposits	37 879 811	42 585 136
	41 631 145	47 306 741

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Figures in Rand	2019	2018
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12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
ABSA Bank - Main Cheque Account	3 246 800	3 464 596	832 529	1 820 451	3 717 134	1 366 132
ABSA Bank - Cheque Account	536	778 886	174 921	536	778 886	174 921
ABSA Bank - Call Account	37 483 163	32 816 019	6 723 495	37 483 163	32 816 019	6 723 495
Investec - Call Account	396 579	9 769 134	2 976 799	396 579	9 769 134	2 676 799
FNB - Main Cheque Account	39 287	-	-	39 287	-	-
FNB - Cheque Account	(8 388)	-	-	(8 388)	-	-
Total	41 157 977	46 828 635	10 707 744	39 731 628	47 081 173	10 941 347

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Government grants (operating) 6 - Libraries plan	1 619 483	-
Government grant (operating) 8 - Provincial clinics	(440 684)	(440 684)
Government grants (operating) 9 - Performance Management System Grant	500 000	-
Government grant (operating) 12 - District health	(2 647 063)	(1 824 307)
Government grant (operating) 17 - BKB grant	27 371	27 371
Government grant (capital) 1 - Municipal Infraastructure Grant	3 101 022	-
Government grant (capital) 2 - Integrated National Electrification Programme Grant	2 526 048	1 925 323
Government grant (capital) 4 - Water Services Infrastructure Grant	-	7 316 494
Government grant (capital) 6 - Recapitalization of Community Libraries Grant	1 583 870	2 572 457
Government grant (operating) - Moneys receivable	3 087 747	2 264 990
	9 357 794	11 841 644

Movement during the year

Balance at the beginning of the year	11 841 644	1 083 921
Additions during the year	192 357 905	194 094 304
Income recognition during the year	(195 789 168)	(185 631 571)
Transfer (to)/from payables	(2 140 334)	30 000
Reversal of debtor for reconciliation	3 087 747	2 264 990
	9 357 794	11 841 644

Net grants movement reconciliation

Receivables from non-exchange transactions	(3 087 747)	(2 264 990)
Unspent conditional grant rollovers	56 852 099	11 841 644
	53 764 352	9 576 654

See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

14. Other financial liabilities

At amortised cost

Borrowings: DBSA	50 955 308	54 965 722
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Annual Financial Statements for the year ended 30 June 2019

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Figures in Rand	2019	2018
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14. Other financial liabilities (continued)

The municipality has various loans with the DBSA with periods ranging from 12 to 20 years. The interest rates are fixed and range from 5% to 14.24%.

Non-current liabilities

At amortised cost	46 596 877	50 955 308
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Current liabilities

At amortised cost	4 358 431	4 010 414
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15. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Increase due to remeasurement	Total
Environmental rehabilitation	9 336 002	4 261 416	-	338 931	13 134 898	27 071 247
Provision for 13th cheque	4 035 093	4 868 532	(4 035 093)	-	-	4 868 532
Provision for leave pay	8 807 281	7 829 918	(3 094 268)	-	-	13 542 931
	22 178 376	16 959 866	(7 129 361)	338 931	13 134 898	45 482 710

Reconciliation of provisions - 2018

	Opening Balance	Additions	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	9 020 106	-	-	315 896	9 336 002
Provision for 13th cheque	3 906 171	128 922	-	-	4 035 093
Provision for leave pay	12 792 215	-	(3 984 934)	-	8 807 281
	25 718 492	128 922	(3 984 934)	315 896	22 178 376
Non-current liabilities				26 060 933	8 997 105
Current liabilities				19 421 777	13 181 271
				45 482 710	22 178 376

Environmental rehabilitation provision

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each yearend to reflect the best estimate at reporting date. The sites under consideration are the Devon landfill site and the Devon and Poortjie dumping sites.

Key financial assumptions used in this calculation were as follows:

	Devon landfill site	Poortjie dumping site	Devon dumping site
Discount rate	8.4%	8.4%	8.4%
CPI	4.6%	4.6%	4.6%
Net discount rate	3.73%	3.73%	3.73%
Remaining useful life	28 years	15 years	15 years

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Figures in Rand	2019	2018
16. Payables from exchange transactions		
Trade payables	65 586 826	68 780 276
Payments received in advanced	23 881 795	19 701 626
Retentions	8 271 235	3 947 316
Grants payable	2 140 334	-
Accrued bonus	3 897 569	3 483 056
Deposits received	1 037 993	656 072
	104 815 752	96 568 346
17. VAT payable		
VAT	66 792 075	48 544 771
18. Consumer deposits		
All services	15 654 785	14 912 941
19. Revenue		
Service charges	467 710 350	424 388 208
Rental of facilities and equipment	5 563 219	5 220 539
Licences and permits	20 723	42 026
Administration and management fees received	2 142 377	2 649 920
Recoveries	272 489	61 626
Other income	1 634 997	230 556
Interest received	31 562 301	26 041 396
Property rates	109 761 351	106 472 601
Government grants & subsidies	195 789 168	185 266 091
Public contributions and donations	9 880 059	7 174 127
Fines, Penalties and Forfeits	699 042	49 862 407
	825 036 076	807 409 497
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	467 710 350	424 388 208
Rental of facilities and equipment	5 563 219	5 220 539
Licences and permits	20 723	42 026
Administration and management fees received	2 142 377	2 649 920
Recoveries	272 489	61 626
Other income	1 634 997	230 556
Interest received	31 562 301	26 041 396
	508 906 456	458 634 271
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	109 761 351	106 472 601
Transfer revenue		
Government grants & subsidies	195 789 168	185 266 091
Public contributions and donations	9 880 059	7 174 127
Fines, Penalties and Forfeits	699 042	49 862 407
	316 129 620	348 775 226

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Figures in Rand	2019	2018
20. Service charges		
Sale of electricity	289 777 421	273 423 071
Sale of water	117 291 921	97 319 813
Sewerage and sanitation charges	29 022 962	25 047 396
Refuse removal	30 365 326	27 420 382
Other service charges	1 252 720	1 177 546
	467 710 350	424 388 208
21. Rental of facilities and equipment		
Premises		
Premises	2 143 296	1 968 224
Facilities and equipment		
Rental of facilities	3 252 247	3 089 881
Rental of equipment	167 676	162 434
	3 419 923	3 252 315
	5 563 219	5 220 539
22. Other revenue		
Administration and management fees received	2 142 377	2 649 920
Insurance recoveries	272 489	61 626
Other income	1 634 997	230 556
	4 049 863	2 942 102
23. Other income		
Abnormal loads	49 048	29 165
Fire services	52 444	11 074
Development contributions	1 318 255	-
Sundries	215 250	190 317
	1 634 997	230 556
24. Interest received		
Interest revenue		
Bank	5 492 763	4 487 548
Interest charged on trade and other receivables	26 069 538	21 553 848
	31 562 301	26 041 396

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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25. Property rates

Rates received

Residential	134 622 566	131 393 147
Less: Income forgone	(24 861 215)	(24 920 546)
	109 761 351	106 472 601

Valuations (R '000)

Residential	6 069 799	5 976 244
Commercial	1 622 694	1 615 586
State	675 129	677 728
Municipal	154 666	149 616
Small holdings and farms	1 793 507	1 794 302
	10 315 795	10 213 476

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2019.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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26. Government grants and subsidies

Operating grants

Equitable share	119 340 000	104 923 000
Government grant (operating) 1 - Finance Management Grant	1 550 000	1 550 000
Government grant (operating) 3 - Expanded Public Works Program Grant	1 297 000	1 324 000
Government grant (operating) 6 - Libraries plan	1 380 517	3 299 550
Government grant (operating) 8 - Provincial clinics	27 816	-
Government grant (operating) 12 - District health	3 824 308	3 301 815
Government grant (operating) 14 - Expanded Public Works Program (Cogta)	1 000 000	500 000
Government grant (operating) 16 - GRAP 17 Compliance Grant	750 000	500 000
Government grant (operating) 18 - LG Seta	218 492	-
Government grant (operating) 19 - Department of Public Service and Administration	1 174 808	2 525 000
	130 562 941	117 923 365

Capital grants

Government grant (capital) 1 - Municipal Infrastructure Grant	22 835 978	36 873 000
Government grant (capital) 2 - Integrated National Electrification Program	1 632 952	5 874 677
Government grant (capital) 3 - Energy Efficiency and Demand Side Management Grant	6 000 000	6 000 000
Government grant (capital) 4 - Water Services Infrastructure Grant	25 000 817	12 683 506
Government grant (capital) 6 - Recapitalization of Community Libraries Grant	8 812 253	5 911 543
Government grant (capital) 15 - Small Business Development Grant	944 227	-
	65 226 227	67 342 726
	195 789 168	185 266 091

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	76 448 351	80 343 541
Unconditional grants received	119 340 000	104 923 000
	195 788 351	185 266 541

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 469 (2018: R 434), which is funded from the grant.

Government grant (operating) 1 - Finance Management Grant

Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue	(1 550 000)	(1 550 000)
	-	-

Government grant (operating) 3 - Expanded Public Works Program Grant

Current-year receipts	1 270 000	1 324 000
Conditions met - transferred to revenue	(1 270 000)	(1 324 000)
	-	-

Government grant (operating) 6 - Libraries plan

Current-year receipts	3 000 000	3 113 000
Conditions met - transferred to revenue	(1 380 517)	(3 299 550)

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
26. Government grants and subsidies (continued)		
Transfer from recapitalization of community libraries grant	-	156 550
Transfer from payables	-	30 000
	1 619 483	-

Conditions still to be met - remain liabilities (see note 13).

Government grant (operating) 8 - Provincial clinics

Balance unspent at beginning of year	(440 684)	(440 684)
Current-year receipts	27 816	-
Conditions met - transferred to revenue	(27 816)	-
	(440 684)	(440 684)

Conditions still to be met - remain liabilities (see note 13).

Government grants 9 (operating) - Performance Management System Grant

Current-year receipts	500 000	-
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Conditions still to be met - remain liabilities (see note 13).

Government grant (operating) 12 - District health

Balance unspent at beginning of year	(1 824 307)	(1 968 627)
Current-year receipts	3 001 552	3 785 526
Conditions met - transferred to revenue	(3 824 308)	(3 641 206)
	(2 647 063)	(1 824 307)

Conditions still to be met - remain liabilities (see note 13).

Government grant (operating) 14 - Expanded Public Works Program (Cogta)

Current-year receipts	1 000 000	500 000
Conditions met - transferred to revenue	(1 000 000)	(500 000)
	-	-

Government grant (operating) 16 - GRAP 17 Compliance Grant

Current-year receipts	750 000	500 000
Conditions met - transferred to revenue	(750 000)	(500 000)
	-	-

Government grant (operating) 17 - BKB Grant

Balance unspent at beginning of year	27 371	26 043
Transfer to/from capital NLDTF/Lotto/Sedibeng	-	1 328
	27 371	27 371

Conditions still to be met - remain liabilities (see note 13).

Government grant (operating) 18 - LG Seta

Current-year receipts	218 492	-
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Figures in Rand	2019	2018
26. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(218 492)	-
	-	-
Government grant (operating) 19 - Department of Public Service and Administration		
Balance unspent at beginning of year	-	900 000
Current-year receipts	1 174 808	1 625 000
Conditions met - transferred to revenue	(1 174 808)	(2 525 000)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Government grant (capital) 1 - Municipal Infrastructure Grant		
Current-year receipts	25 937 000	36 873 000
Conditions met - transferred to revenue	(22 835 978)	(36 873 000)
	3 101 022	-
Government grant (capital) 2 - Integrated National Electrification Programme Grant		
Balance unspent at beginning of year	1 925 323	-
Current-year receipts	4 159 000	7 800 000
Conditions met - transferred to revenue	(1 632 952)	(5 874 677)
Offset against equitable share	(1 925 323)	-
	2 526 048	1 925 323
Conditions still to be met - remain liabilities (see note 13).		
Government grant (capital) 3 - Energy Efficiency and Demand Side Management Grant		
Current-year receipts	6 000 000	6 000 000
Conditions met - transferred to revenue	(6 000 000)	(6 000 000)
	-	-
Government grant (capital) 4 - Water Services Infrastructure Grant		
Balance unspent at beginning of year	7 316 494	-
Current-year receipts	25 000 000	20 000 000
Conditions met - transferred to revenue	(25 000 817)	(12 683 506)
Offset against equitable share	(7 315 677)	-
	-	7 316 494
Conditions still to be met - remain liabilities (see note 13).		
Government grant (capital) 6 - Recapitalization of Community Libraries Grant		
Balance unspent at beginning of year	2 572 457	156 550
Current-year receipts	9 964 000	8 484 000
Conditions met - transferred to revenue	(8 812 253)	(5 911 543)
Transfer to libraries plan	-	(156 550)
Transfer to payables	(2 140 334)	-
	1 583 870	2 572 457

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Figures in Rand	2019	2018
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26. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 13).

Government grant (capital) 11 - NLDTF/Lotto

Balance unspent at beginning of year	-	1 328
Transfer to operational BKB	-	(1 328)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Government grant (capital) 15 - Small business development grant

Current-year receipts	944 227	-
Conditions met - transferred to revenue	(944 227)	-
	-	-

Conditions still to be met - remain liabilities (see note 13).

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Figures in Rand	2019	2018
27. Employee related costs		
Basic	102 463 127	98 310 775
Medical aid - company contributions	9 284 176	9 907 174
UIF	846 800	844 917
WCA	203 011	1 309 497
SDL	1 392 977	1 354 352
Other payroll levies	47 935	46 810
Leave pay provision charge	4 735 650	(3 984 934)
Pension costs	20 087 144	18 816 089
Leave pay	3 094 269	2 903 850
Group insurance	1 602 474	1 503 596
Overtime payments	9 791 697	10 563 829
Long-service awards	605 928	872 999
13th Cheques	9 356 802	7 881 424
Acting allowances	1 266 896	1 137 191
Car allowance	4 268 378	2 467 980
Housing benefits and allowances	673 742	1 266 864
Cellphone allowance	86 696	90 898
Entertainment allowance	840	840
Standby	1 033 012	962 015
Tool allowance	720	930
Less: Employee costs capitalised to PPE	3 477 841	3 498 094
	174 320 115	159 755 190

Remuneration of municipal manager

Annual Remuneration	-	-
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
	-	-

Remuneration of chief finance officer

Annual Remuneration	866 210	1 039 452
Car Allowance	217 036	260 443
Contributions to UIF, Medical and Pension Funds	1 487	1 785
	1 084 733	1 301 680

Remuneration of executive manager: corporate services

Annual Remuneration	353 727	147 000
Car Allowance	174 000	87 000
Contributions to UIF, Medical and Pension Funds	34 539	892
Housing allowance	598 674	345 578
Acting Allowance	382 321	-
	1 543 261	580 470

Remuneration of executive manager: community services

Annual Remuneration	560 453	845 939
Car Allowance	-	252 420
Contributions to UIF, Medical and Pension Funds	892	24 331
	561 345	1 122 690

Remuneration of executive manager: infrastructure services

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Figures in Rand	2019	2018
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27. Employee related costs (continued)

Annual Remuneration	-	692 276
Car Allowance	-	268 110
Contributions to UIF, Medical and Pension Funds	-	162 304
	-	1 122 690

Remuneration of executive manager: local economic development

Annual Remuneration	746 102	749 177
Car Allowance	164 398	164 422
Contributions to UIF, Medical and Pension Funds	212 191	209 109
	1 122 691	1 122 708

28. Remuneration of councillors

Executive Mayor	880 987	865 019
Mayoral Committee Members	3 354 687	3 293 751
Speaker	712 948	699 533
Councillors	5 902 047	5 807 762
	10 850 669	10 666 065

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and the Executive Mayor and the Speaker are provided with secretarial support at the cost of the Council.

The Executive Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has four full-time bodyguards. The Speaker has two full-time bodyguards.

29. Depreciation and amortisation

Property, plant and equipment	23 456 562	26 188 354
Investment property	9 711 460	11 370 785
Intangible assets	360 513	364 876
	33 528 535	37 924 015

30. Impairment of assets

Impairments

Property, plant and equipment	162 863	1 168 288
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The main classes of assets affected by impairment losses are:

	2018/19	2017/18
Community assets	-	902,708
Infrastructure	162,863	265,580

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Figures in Rand	2019	2018
31. Finance costs		
Non-current borrowings	4 897 110	5 256 260
Trade and other payables	-	85 123
Bank	89	-
Interest cost on employee benefits	2 295 000	5 144 000
Fair value adjustments on landfill sites	338 931	315 896
	7 531 130	10 801 279
32. Debt impairment		
Impairment on traffic fines	581 742	36 911 576
Contributions to debt impairment provision	133 183 727	106 539 191
Bad debts written off	4 350	825 825
	133 769 819	144 276 592
33. Bulk purchases		
Electricity - Eskom	232 306 448	213 554 697
Water	66 814 930	57 807 388
	299 121 378	271 362 085
34. Contracted services		
Outsourced Services		
Animal Care	75 000	65 100
Burial Services	35 748	76 120
Business and Advisory	6 694 652	3 552 273
Catering Services	1 083 886	1 264 264
Fire Services	33 916	28 035
Hygiene Services	-	640 056
Internal Auditors	1 271 667	770 533
Meter Management	3 115 445	2 314 789
Personnel and Labour	-	1 359 220
Connection/Dis-connection	-	591 242
Refuse Removal	-	3 631 035
Security Services	69 230	-
Traffic Fines Management	921 200	2 052 827
Electrical	-	1 756 769
Consultants and Professional Services		
Business and Advisory	3 649 158	7 249 099
Infrastructure and Planning	30 000	215 500
Legal Cost	3 490 987	2 767 971

Lesedi Local Municipality

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Figures in Rand	2019	2018
34. Contracted services (continued)		
Contractors		
Artists and Performers	98 922	-
Catering Services	10 574	-
Electrical	12 974 026	8 387 373
Employee Wellness	146 420	221 425
Event Promoters	17 400	-
Gardening Services	4 496	-
Haulage	-	3 514 430
Inspection Fees	391 203	-
Maintenance of Buildings and Facilities	1 725 577	799 137
Maintenance of Equipment	1 687 940	360 050
Maintenance of Unspecified Assets	5 122 526	2 197 972
Pest Control and Fumigation	403	-
Tracing Agents and Debt Collectors	336 149	324 989
Transportation	3 200	-
Safeguard and Security	15 827 692	12 715 846
Sewerage Services	12 145 132	10 810 143
	70 962 549	67 666 198

35. General expenses

Advertising	812 922	376 676
Auditors remuneration	4 069 156	3 589 566
Bank charges	1 527 319	1 132 743
Commission paid	6 636 407	3 794 199
Consumables	621 536	931 519
Entertainment	55 200	102 311
Hire	1 305 679	-
Insurance	2 831 069	3 462 258
IT expenses	302 178	2 619 649
Fleet	4 537 794	4 175 554
Magazines, books and periodicals	136 742	403 576
Fuel and oil	78 566	63 428
Postage and courier	1 193 836	1 000 549
Protective clothing	812 100	547 262
Software expenses	4 080 732	891 843
Subscriptions and membership fees	1 810 247	1 821 763
Telephone and fax	3 188 175	2 652 789
Transport and freight	15 496	1 700
Training	858 370	389 399
Travel - local	478 592	345 044
Refuse	9 256 684	-
Assets expensed	289 001	23 891
Materials	7 945 080	10 256 696
Other expenses	1 794 308	1 230 206
	54 637 189	39 812 621

36. Auditors' remuneration

Fees	4 069 156	3 589 566
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37. Taxation

The municipality is exempt from income tax in terms of the Income Tax Act (Act No. 58 of 1962) Section 10(1)(a).

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38. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Motor vehicles		
• Contractual amounts	407 438	198 000
Equipment		
• Contractual amounts	3 621 272	783 266
	4 028 710	981 266

Loss on sale of property, plant and equipment	(361 206)	(14 392 228)
Loss on sale of investment property	(512 217)	(778 931)
Impairment on property, plant and equipment	162 863	1 168 288
Amortisation on intangible assets	360 513	364 876
Depreciation on property, plant and equipment	23 456 562	26 188 354
Depreciation on investment property	9 711 460	11 370 785
Employee costs	189 482 814	175 671 493

39. Cash generated from operations

Surplus	34 286 353	75 218 598
Adjustments for:		
Depreciation and amortisation	33 528 535	37 924 015
Loss on disposal of assets and liabilities	873 423	15 171 159
Impairment deficit	162 863	1 168 288
Debt impairment	133 769 819	144 276 592
Movements in retirement benefit assets and liabilities	(3 119 431)	(28 319 403)
Movements in provisions	23 304 334	(3 540 116)
Other non-cash items	(26 765 353)	(1 577 978)
Changes in working capital:		
Inventories	(228 785)	(1 351 322)
Receivables from exchange transactions	(296 173)	(861 901)
Consumer debtors	(156 081 990)	(155 235 257)
Other receivables from non-exchange transactions	394 049	(4 969 018)
Payables from exchange transactions	8 247 402	5 640 306
VAT	18 247 304	7 007 485
Unspent conditional grants and receipts	(2 483 850)	10 757 723
Consumer deposits	741 844	4 172 031
	64 580 344	105 481 202

40. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	2 791 272	2 791 272
Other receivables from non-exchange transactions	11 952 405	11 952 405
Consumer debtors	144 447 961	144 447 961
Cash and cash equivalents	41 631 145	41 631 145
	200 822 783	200 822 783

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Figures in Rand

2019

2018

40. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Other financial liabilities	50 955 308	50 955 308
Trade and other payables from exchange transactions	104 815 752	104 815 752
Unspent conditional grants	9 357 794	9 357 794
Consumer deposits	15 654 785	15 654 785
VAT payable	66 792 075	66 792 075
	247 575 714	247 575 714

2018

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	2 495 099	2 495 099
Other receivables from non-exchange transactions	12 346 454	12 346 454
Consumer debtors	122 135 791	122 135 791
Cash and cash equivalents	47 306 741	47 306 741
	184 284 085	184 284 085

Financial liabilities

	At amortised cost	Total
Other financial liabilities	54 965 722	54 965 722
Trade and other payables from exchange transactions	96 568 346	96 568 346
Unspent conditional grants	11 841 644	11 841 644
Consumer deposits	14 912 941	14 912 941
VAT payable	48 544 771	48 544 771
	226 833 424	226 833 424

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Notes to the Annual Financial Statements

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41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	42 955 912	60 279 893
Total capital commitments		
Already contracted for but not provided for	42 955 912	60 279 893
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure	93 888 022	41 094 718
Total operational commitments		
Already contracted for but not provided for	93 888 022	41 094 718
Total commitments		
Total commitments		
Authorised capital expenditure	42 955 912	60 279 893
Authorised operational expenditure	93 888 022	41 094 718
	136 843 934	101 374 611

This committed capital expenditure relates to plant and equipment and will be financed by the recapitalisation of libraries grant, the municipal infrastructure grant, the integrated national electrification grant and funds internally generated.

This committed expenditure consists of the following:

1. Onke Consulting (Pty) Ltd	R 108,172
2. Nkanyezi Energy Management	R15,445,842
3. NBN Construction (Pty) Ltd	R 2,440,881
4. Nevhutalu Consulting	R 697,546
5. Cochrane Projects (Pty) Ltd	R 1,211,468
6. Magic Labour Hire & Security Services	R 9,875,092
7. Magic Labour Hire & Security Services	R 2,212,582
8. ECE Engineers	R 2,221,969
9. Asatiko Civil and Construction (Pty) Ltd	R 2,378,212
10. Asatiko Civil and Construction (Pty) Ltd	R 1,563,888
11. KBO Projects (Pty) Ltd	R 139,391
12. MK Cassidy Construction	R 707,156
13. MK Cassidy Construction	R 192,575
14. Makgopeng Construction	R 683,241
15. Thabela Earthworks	R 190,321
16. Gaborena Construction & Projects Services	R 46,211
17. Baithusi Trading CC	R 2,841,365

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41. Commitments (continued)

This committed operational expenditure relates to general expenditure and will be financed by funds internally generated.

This committed expenditure consists of the following:

1. Payday Software System (Pty) Ltd	R 899,471
2. Mode-Res Valuers CC	R 420,000
3. Heios Investment (Pty) Ltd	R 9,450,315
4. Nerm Applications and Testing (Pty) Ltd	R 1,005
5. I@ Consulting	R 4,641,589
6. Bidvest Steiner	R 100,303
7. Fidelity Cash Solutions	R 835,460
8. Vukayibambe Trading Enterprise	R 330,451
9. Pambili Documents Solutions	R 2,042,879
10. Thembridge Support Services	R 7,868,260
11. RSTE Utility Services	R 239,184
12. Lateral Unison Insurance Brokers (Pty) Ltd	R 3,835,715
13. Khabokedi Waste Management (Pty) Ltd	R 8,440,540
14. Jenec Construction and Electrical	R 2,593,185
15. Bravo Span 90 CC	R47,040,289
16. EWC Vehicle Communication (Pty) Ltd	R 4,892,745
17. GSM Neighborhood Protection Services T/A Crime Stop	R 256,631

42. Contingencies

Contingent liabilities

Claim by P Mpele against the municipality for reinstatement to position of CFO	2 606 360	-
Claim by P Mpele against the municipality for reinstatement to position of MM	2 932 596	-
Claim by former EPWP workers against the municipality for permanent employment	299 520	-
	5 838 476	-

Contingent assets

Claim by the municipality against a supplier regarding a contractual dispute	2 500 000	-
Claim by the municipality against a former employee for the unlawful and fraudulent transfer of municipal property	12 435 818	-
	14 935 818	-

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43. Related parties

Relationships

Accounting Officer

Close family member of key management

Members of key management

G Thimane (Acting MM)

None

G Mncube (Acting CFO)

J Marwa (Executive Manager: LEDP)

S Moholobela (Acting Executive Manager:

Infrastructure Services)

C Verster (Acting Executive Manager: Community Services)

Remuneration of management

Councillors/Mayoral committee members

2019

	Basic salary	Pension	Medical Aid	Travelling Allowance	Cellphone Allowance	Total
Executive Mayor	502 301	77 230	50 066	210 590	40 800	880 987
Speaker	403 695	61 969	50 066	156 418	40 800	712 948
Mayoral committee members	1 977 350	303 617	107 728	762 010	204 000	3 354 705
Councillors	3 381 527	487 009	359 054	899 992	774 447	5 902 029
	6 264 873	929 825	566 914	2 029 010	1 060 047	10 850 669

2018

	Basic salary	Pension	Medical Aid	Travelling Allowance	Cellphone Allowance	Total
Executive Mayor	495 535	74 330	46 974	207 380	40 800	865 019
Speaker	394 663	59 199	47 306	157 564	40 800	699 532
Mayoral committee members	1 952 870	292 931	94 309	749 641	204 000	3 293 751
Councillors	3 274 039	458 142	318 994	981 388	775 200	5 807 763
	6 117 107	884 602	507 583	2 095 973	1 060 800	10 666 065

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43. Related parties (continued)

Executive management

*Refer to note 27 "Employee related costs"

Lesedi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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44. Prior period errors

Property, plant and equipment had to be restated due to assets derecognised not accounted for in the prior period.

Property, plant and equipment had to be restated due to library books being recognised at the incorrect price and incorrect useful lives.

Investment property had to be restated due to assets derecognised not accounted for in the prior period.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Property, plant and equipment	-	(3 585 817)
Investment property	-	(778 929)
Opening Accumulated Surplus or Deficit	-	(10 806 790)

Statement of financial performance

Depreciation expense	-	377
Loss on disposal of assets and liabilities	-	15 171 159

45. Comparative figures

Certain comparative figures have been restated due to incorrect classification of cost and accumulated depreciation in the prior period.

Cash and cash equivalents were restated due to a short term deposit incorrectly being classified under bank balances.

The effects of the reclassification are as follows:

Notes to the financial statement

Note 4 Property, plant and equipment	-	-
Infrastructure - cost (previously disclosed)	-	515 307 617
Infrastructure - cost (restated)	-	675 708 404
Infrastructure - accumulated depreciation (previously disclosed)	-	(172 514 547)
Infrastructure - accumulated depreciation (restated)	-	(327 234 787)
Note 5 Intangible assets	-	-
Computer software and other - cost (previously disclosed)	-	6 897 124
Computer software and other - cost (restated)	-	3 787 562
Computer software and other - accumulated depreciation (previously disclosed)	-	(6 237 080)
Computer software and other - accumulated depreciation (restated)	-	3 127 618
Servitudes - cost (previously disclosed)	-	2 616 832
Servitudes - cost (restated)	-	2 616 932
Note 12 Cash and cash equivalents	-	-
Bank balances (previously disclosed)	-	14 012 617
Bank balances (restated)	-	4 243 482
Short-term deposits (previously disclosed)	-	32 816 002
Short-term deposits (restated)	-	42 585 136
	-	797 732 912

46. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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Figures in Rand	2019	2018
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46. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Current account (Absa)	3 246 800	3 464 596
Current account (Absa)	536	778 886
Current account (FNB)	39 287	-
Current account (FNB)	(8 388)	-
Call account (Absa)	37 483 163	32 816 019
Call account (Investec)	396 579	9 769 134
Trade and other receivables from exchange transactions	2 791 272	2 495 099
Other receivables from non-exchange transactions	11 952 405	12 346 454
Consumer debtors	144 447 961	122 135 790

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

47. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

48. Events after the reporting date

There were no events after reporting date.

49. Unauthorised expenditure

Opening balance as previously reported	163 129 891	149 518 734
Opening balance as restated	163 129 891	149 518 734
Add: Unauthorised expenditure - current period	1 238 452	13 611 157
Closing balance	164 368 343	163 129 891

Analysed as follows: non-cash

Debt impairment	1 238 452	13 611 157
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Figures in Rand	2019	2018
50. Fruitless and wasteful expenditure		
Opening balance as previously reported	12 871 787	12 580 962
Opening balance as restated	12 871 787	12 580 962
Add: Fruitless and wasteful expenditure - current period	73 597	290 825
Closing balance	12 945 384	12 871 787

Fruitless and wasteful expenditure consists of penalties and interest on late payments.

Company	Amount
Eskom	R17,969
Rand Water	R55,812
FNB	R 89

51. Irregular expenditure

Opening balance	208 505 305	163 358 575
Opening balance as restated	208 505 305	163 358 575
Add: Irregular Expenditure - current year	31 674 358	45 146 730
Closing balance	240 179 663	208 505 305

The following amounts were regarded as irregular expenditure in the 2018/19 financial year:

Company	Amount
Schindler Lifts (SA) (Pty) Ltd	R 86,872.56
Shandukani Technologies	R 42,000.00
Webb Industries	R 66,644.24
Quidity CC	R 154,695.45
Endiphase	R 921,680.00
Focus Form	R 409,948.42
Combined Private Investigations	R 3,932,464.12
MaxProf	R 2,077,575.55
Impisi Security Services	R 18,159,383.30
Business Connexion	R 5,483,274.47
Singa Tel (Pty) Ltd	R 339,820.13

52. In-kind donations and assistance

The municipality received the following in-kind donations and assistance:

The Department of Economic Development donated a landfill site.

The Department of Sports, Arts, Culture and Recreation (Gauteng Province) donated furniture and equipment for libraries.

Provincial Treasury provided the municipality with the services of a municipal finance specialist (5 months).

53. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	4 069 156	3 587 584
Amount paid - current year	(4 069 156)	(3 587 584)
	-	-

PAYE and UIF

Current year subscription / fee	25 260 931	24 217 453
Amount paid - current year	(25 260 931)	(24 217 453)
	-	-

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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53. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year subscription / fee	29 371 318	27 298 266
Amount paid - current year	(29 371 318)	(27 298 266)
	-	-

VAT

VAT payable	66 792 075	48 544 771
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All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
PR Mchunu	1 953	431	2 384
MM Skosana	1 398	21 200	22 598
	3 351	21 631	24 982

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MM Skosana	2 980	27 659	30 639

54. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Thirty three procurements (spread over 22 companies), noted below, were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The procurements noted above are:

Reason	Number	Value
Emergency [S36 (1)(a)(i)]	2 Companies	R 219,679
Sole supplier [S36 (1)(a)(ii)]	3 Companies	R 198,329
Impractical to follow SCM [S36 (1)(a)(v)]	17 Companies	R 1,438,900

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55. Debtors on RDP houses not yet transferred		
Reconciliation of RDP houses not yet transferred		
Debtors on RDP houses not yet transferred	146 883 483	146 883 483
Impairment of debtors on RDP houses not yet transferred	(146 883 483)	(146 883 483)
	-	-
56. Reconciliation of traffic fines		
Traffic fines	137 816 443	138 451 507
Impairment	(128 951 785)	(128 370 043)
	8 864 658	10 081 464

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57. Unaccounted water and electricity

Electricity

	Units (2018/19)	Amount (2018/19)	Percentage (2018/19)	Units (2017/18)	Amount (2017/18)	Percentage (2017/18)
Technical losses	12 583 626	9 760 116	5.20	12 183 969	8 572 961	5.20
Non-technical losses	53 442 357	41 450 977	22.08	42 944 781	30 217 080	18.33
	66 025 983	51 211 093	27.28	55 128 750	38 790 041	23.53

Water

	Units (2018/19)	Amount (2018/19)	Percentage (2018/19)	Units (2017/18)	Amount (2017/18)	Percentage (2017/18)
Technical losses	388 564	4 202 664	5.54	376 801	3 610 580	5.54
Non-technical losses	1 372 345	14 843 126	19.57	1 380 567	13 228 846	20.30
	1 760 909	19 045 790	25.11	1 757 368	16 839 426	25.84

Non technical losses for electricity includes own use of 1.31% (R2 465 730) and loss due to illegal connections of 20.77% (R50 263 315).

Non technical losses for water includes own use of 1.04% (R792 435).

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58. Budget differences

Material differences between budget and actual amounts

Explanation for variances between budget and actuals:

Statement of financial performance

1. Service charges - Variance is due to lower consumption of services which is often influenced by weather conditions, more rain less water demand, higher temperatures less electricity consumption.
2. Other income - Other income was overbudgeted for.
3. Interest received - The interest received increased collaterates with lesser payment of services by consumers, higher debt impairment amount compared to previous year. Higher unemployment rate realised at Lesedi contributes to the impasse.
4. Government grants and subsidies - INEP, The Human Settlement department could not build houses as planned and this had inverse impact on housing electrification. Library books tender was non responsive and had to be readvertised, On library grants service providers were appointed but however goods were not yet delivered.
5. Public contributions and donations - Donations of landfill site and library furniture and equipment not budgeted for.
6. Fines, penalties and forfeits - No service provider for traffic fines.
7. Personnel - The variance on personnel costs is as a result of unfilled vacancies.
8. Depreciation - The variance on depreciation is as a result of the assessment of the asset register and physical verification of municipal assets.
9. Finance costs - Decreased due to a reassessment of the employee benefits and landfill site.
10. Debt impairment - The variance is due to lower than anticipated debtor's collection rate and traffic fines impairment..
11. Bulk Purchases - The variance is due to lower than anticipated consumption of services.
12. Contracted services - The variance is due to higher than expected electrical maintenance.
13. General expenses - The variance is due to cost containment measures undertaken due to cash constraints.

Lesedi Local Municipality
Appendix A

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at Saturday, 30 June 2018	Received during the period	Redeemed written off during the period	Balance at Sunday, 30 June 2019	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
Development Bank of South Africa							
R13 Ratanda electricity - 9,45% fixed	102187	15 years	1 611 721	-	488 460	1 123 261	-
R14 Electrical upgrade - 9,59% fixed	102986_1	20 years	14 950 567	-	946 815	14 003 752	-
R15 Electrical upgrade - 5% fixed	102986_2	20 years	8 694 797	-	689 367	8 005 430	-
R16 Vehicle - 11,87% fixed	6100956	12 years	1 952 545	-	407 201	1 545 344	-
R17 Infrastructure - 6,75% fixed	6100955	20 years	2 540 184	-	143 194	2 396 990	-
R18 Other - 14,24% fixed	6100954	20 years	4 595 708	-	161 169	4 434 539	-
R19 Electrical infrastructure - 12% fixed	61006830	20 years	6 852 993	-	224 290	6 628 703	-
R20 Electrical upgrade - 6,75% fixed	61006831	20 years	10 541 016	-	501 136	10 039 880	-
R21 Roads and stormwater - 11,65% fixed	61006809	12 years	3 226 189	-	448 780	2 777 409	-
			54 965 720	-	4 010 412	50 955 308	-
Total external loans							
Development Bank of South Africa			54 965 720	-	4 010 412	50 955 308	-
			54 965 720	-	4 010 412	50 955 308	-